

THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE:	§	
	§	
WATSON VALVE SERVICES, INC.,	§	CASE NO. 20-30968
	§	
Debtor.	§	(Chapter 11)
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MARGARITA FLORES, INDIVIDUALLY AND AS PERSONAL REPRESENTATIVE OF THE ESTATE OF FRANK FLORES, DECEASED, MAGGIE RIVERA and FABIAN FLORES,	§	
	§	
	§	
Plaintiffs,	§	
	§	
v.	§	ADVERSARY NO. _____
	§	
	§	
WATSON VALVE SERVICES, INC., WATSON GRINDING AND MANUFACTURING CO., KMHJ, LTD., KMHJ MANAGEMENT COMPANY, LLC, WESTERN INTERNATIONAL GAS, INC. and MATHESON TRI-GAS INC.,	§	
	§	
	§	
Defendants.	§	
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**NOTICE OF REMOVAL**

Watson Valve Services, Inc. (“**Debtor**”) files this Notice of Removal of the state court action styled, *Margarita Flores, Individually and as Personal Representative of The Estate of Frank Flores, Deceased, Maggie Rivera and Fabian Flores v. Watson Valve Services, Inc., Watson Grinding and Manufacturing Co., KMHJ, Ltd., KMHJ Management Company, LLC, Western Internal Gas, Inc. and Matheson Tri-Gas Inc.*, Cause No. 2020-05250 in the 295<sup>th</sup> Judicial District Court of Harris County, Texas (“**State Court Action**”).

**PROCEDURAL BACKGROUND AND NATURE OF SUIT**

1. On January 26, 2020, Margarita Flores, Individually and as Personal Representative of The Estate of Frank Flores, Deceased, Maggie Rivera and Fabian Flores (collectively “Plaintiffs”) filed an Original Petition, Request for Disclosure, and Application for Temporary Injunction against Watson Valve Services, Inc. (“**Watson Valve**”) and Watson Grinding & Manufacturing Co. (“**Watson Grinding**”), along with KMHJ, Ltd. and KMHJ Management Company, LLC (collectively, “**KMHJ**”).

2. In their Original Petition, Plaintiffs assert claims of negligence, gross negligence and premises liability against the Watson Valve, Watson Grinding and KMHJ. The state court issued no temporary injunction but did issue a temporary restraining order.

3. On January 31, 2020, Plaintiffs filed an amended petition, adding Western International Gas & Cylinders, Inc. (“**Western**”) and Matheson Tri-Gas, Inc. (“**Matheson**”) as defendants (Watson Valve, Watson Grinding, KMHJ, Western and Matheson are collectively, “**Defendants**”).

4. On February 6, 2020 (“**Petition Date**”), the Debtor filed its voluntary petition under chapter 11 of title 11 of the United States Code (“**Bankruptcy Code**”), commencing the bankruptcy case captioned *In re Watson Valve Services, Inc.*, Case No. 20-30968 in the United States Bankruptcy Court Southern District of Texas, Houston Division (“**Chapter 11 Bankruptcy Case**”).

**BASIS FOR REMOVAL**

5. This Notice of Removal is filed pursuant to 28 U.S.C. § 1452, Bankruptcy Rule 9027, and Local Bankruptcy Rules 9027-1, 9027-2, 9027-3, and the *General Order of Reference* entered by the District Court of this District on March 10, 2005.

6. The State Court Action was initiated prior to the commencement of the Chapter 11 Case. This Notice of Removal has been timely filed pursuant to Bankruptcy Rule 9027(a)(2). *In re R.E. Loans, LLC*, No. 11-35865, 2012 WL 3262767, at \*2 (Bankr. S.D. Tex. Aug. 8, 2012).

7. Venue in this Court is proper pursuant to 28 U.S.C. § 1409.

8. Cases subject to jurisdiction are removable under the authority of 28 U.S.C. § 1452(a) (“A party may remove any claim or cause of action . . . to the district court for the district where such civil action is pending, if such district court has jurisdiction of such claim or cause of action under section 1334 of this title”). The State Court Action, including all claims and causes of action asserted, is a civil action other than a proceeding before the United States Tax Court. The State Court Action is not a civil action by a government unit to enforce such government unit’s police or regulatory power.

9. This Court has jurisdiction over this case pursuant to 28 U.S.C. § 1334(b) (federal district courts have “original jurisdiction of all civil proceedings . . . arising in or related to cases under title 11”). The State Court Action “arises in” or, alternatively, is “related to” a Title 11 case, *i.e.* the Debtor’s Chapter 11 Bankruptcy Case. In this circuit, “related to” proceedings include any case whose outcome “could conceivably have any effect on the administration of the estate.” *In re Wood*, 825 F.2d 90, 93 (5th Cir. 1987) (emphasis added); *In re Baudoin*, 981 F.2d 736, 740 (5th Cir. 1993).

10. The resolution of this State Court Action will have a direct impact on the bankruptcy estate of the Debtor. The State Court Action is related to the Debtor’s Chapter 11 Bankruptcy Case because the outcome of State Court Action could conceivably change the Debtor’s rights, liabilities, or options in a way that would have an effect upon the handling and administration of the bankruptcy estate.

11. Thus, the claims asserted in the State Court Action are claims that arise in or are otherwise related to the Debtor's Chapter 11 Case pursuant to 28 U.S.C. § 1334(b), and removal to this Court is proper pursuant to 28 U.S.C. § 1452(a).

**CORE OR NON-CORE BANKRUPTCY JURISDICTION**

12. This action involves the administration of the Debtor's estate and is a proceeding affecting the adjustment of the debtor-creditor relationship; it is, therefore, a core proceeding under 28 U.S.C. § 157(b)(2)(A) and (O). The claims and causes of action in the State Court Action have a clear and direct impact on the interests and property of the Debtor's estate under 11 U.S.C. §541.

13. Upon removal of the State Court Action, the Debtor consents to the entry of final orders or judgment by the bankruptcy judge and anticipates seeking withdrawal of the reference in this case to the United States District Court for the Southern District of Texas.

**PARTIES AND NOTICE**

14. Pursuant to 28 U.S.C. § 1452(a), Federal Bankruptcy Rule 9027(b), and Local Rule 9027-1, all adverse parties are being provided with a copy of this Notice of Removal and a copy of this Notice of Removal is being filed with the clerk of the 295<sup>th</sup> Judicial District Court of Harris County, Texas.

15. In accordance with Local Rule 9027-1(a), the names and addresses of the parties and counsel in the State Court Action, who have or will be served with the notice, are as follows:

Abraham, Watkins, Nichols, Sorrels, Agosto & Aziz MUHAMMAD S. AZIZ, ESQ. Karl P. Long, Esq. 800 Commerce Street Houston, TX 77002 <b>ATTORNEYS FOR PLAINTIFFS</b>	McCoy Leavitt Laskey LLC John V. McCoy Michael I. Ramirez N19 W24200 Riverwood Dr., Suite 125 Waukesha, WI 53188 <b>ATTORNEYS FOR WATSON GRINDING AND MANUFACTURING CO.</b>
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**ATTORNEYS FOR DEFENDANTS WESTERN  
INTERNATIONAL GAS & CYLINDERS, INC. AND  
MATHESON TRI-GAS INC.**

**PROCESS AND PLEADINGS**

16. Pursuant to Bankruptcy Rule 9027(a)(1) and Local Bankruptcy Rule 9027-1(b), true and correct copies of all process and pleadings filed in the State Court Action (as set forth in the attached Exhibit A) have been provided.

17. In the State Court Action, citations were issued as to all Defendants on January 27, January 31, and February 5, 2020. Citations were served on KMHJ, Matheson, and Western and the return of the citation was filed on February 11 and 12, 2020.

18. In accordance with Bankruptcy Rule 9027(c), the Debtor will promptly file a notice of the filing of this Notice of Removal in the State Court Action.

WHEREFORE, the Debtor notifies the United States Bankruptcy Court for the Southern District of Texas, Houston Division, that the State Court Action is hereby removed in its entirety to this Court pursuant to 28 U.S.C. § 1452(a) and Bankruptcy Rule 9027.

Dated: April 20, 2020

Respectfully submitted,

**McDOWELL HETHERINGTON LLP**

By: /s/ Jarrod B. Martin  
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*COUNSEL FOR WATSON VALVE SERVICES, INC.*

**CERTIFICATE OF SERVICE**

I certify that on April 20, 2020, a true and correct copy of the foregoing Notice was served via first class mail (without attachments) to the following individuals no later than the next day after filing:

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/s/ Jarrod B. Martin

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